

AMENDED IN ASSEMBLY JUNE 20, 2006

AMENDED IN ASSEMBLY MAY 11, 2006

AMENDED IN ASSEMBLY JULY 5, 2005

AMENDED IN SENATE APRIL 12, 2005

SENATE BILL

No. 423

Introduced by Senator Simitian

(Coauthor: Assembly Member Pavley Coauthors: Assembly Members
Lieber and Pavley)

February 17, 2005

An act to add Sections ~~395.5 and 745~~ *Section 395.5* to the Public Utilities Code, and to amend Section 80110 of the Water Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 423, as amended, Simitian. Electricity: charges: charitable organizations.

~~(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law provides that whenever the commission, after a hearing, finds that the rates charged by a public utility for service are insufficient, discriminatory, or preferential, the commission shall determine and fix, by order, the just, reasonable, or sufficient rates to be thereafter observed and in force.~~

~~This bill would authorize an electrical corporation to provide a nonprofit charitable organization, as defined, with free electrical service or service at a reduced rate.~~

~~(2)~~

~~(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law defines an “electric service provider” as an entity that offers electrical service to customers within the service territory of an electrical corporation, excluding electrical corporations, local publicly owned electric utilities, and certain cogenerators. Provisions of the existing Public Utilities Act restructuring the electrical services industry require that electric service providers register with the commission, and provide for the authorization of direct transactions between electric service providers and retail end-use customers.~~

~~This bill would authorize an electric service provider to provide a nonprofit charitable organization, as defined, with free electrical service or service at a reduced rate.~~

~~(3)~~

~~(2) The existing Public Utilities Act requires the commission pursuant to electrical restructuring, to authorize and facilitate direct transactions between electricity suppliers and retail end-use customers. However, other existing law suspends the right of retail end-use customers other than community aggregators, as defined, to acquire service from certain electricity suppliers, after a period of time to be determined by the commission, until the Department of Water Resources no longer supplies electricity under that law. Existing law requires a retail end-use customer electing to purchase electricity from a community choice aggregator to pay for certain Department of Water Resources costs and electrical corporation costs, as specified.~~

~~This bill would establish an exception to the suspension of direct transactions limited to nonprofit charitable organizations. The bill would require a nonprofit charitable organization that acquires electric service pursuant to this authorization to pay for certain Department of Water Resources costs and electrical corporation costs, as specified.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 SECTION 1. Section 395.5 is added to the Public Utilities
2 Code, to read:

3 395.5. (a) For purposes of this section, “nonprofit charitable
4 organization” means any charitable organization described in
5 Section 501(c)(3) of the federal Internal Revenue Code that has
6 among its primary purposes serving the needs of the poor or
7 elderly.

8 (b) An electric service provider may provide a nonprofit
9 charitable organization with free electrical service or service at a
10 reduced rate.

11 (c) Notwithstanding Section 80110 of the Water Code, a
12 nonprofit charitable organization may acquire electric service
13 through a direct transaction with an electric service provider if
14 electric service is provided for free or at a reduced rate pursuant
15 to subdivision (b).

16 (d) A nonprofit charitable organization that acquires electric
17 service through a direct transaction pursuant to this section shall
18 be responsible for paying all of the following:

19 (1) Those charges and surcharges that would be imposed upon
20 a retail end-use customer of a community aggregator pursuant to
21 subdivisions (d), (e), (f), and (g) of Section 366.2.

22 (2) The transmission and distribution charges of an electrical
23 corporation or a local publicly owned electric utility, as defined
24 in Section 9604.

25 (3) A nonbypassable charge imposed pursuant to Article 7
26 (commencing with Section 381), Article 8 (commencing with
27 Section 385), or Article 15 (commencing with Section 399).

28 ~~SEC. 2. Section 745 is added to the Public Utilities Code, to~~
29 ~~read:~~

30 ~~745. An electrical corporation may provide a nonprofit~~
31 ~~charitable organization with free electrical service or service at a~~
32 ~~reduced rate. For purposes of this section, “nonprofit charitable~~
33 ~~organization” means any charitable organization described in~~
34 ~~Section 501(c)(3) of the federal Internal Revenue Code that has~~
35 ~~among its primary purposes serving the needs of the poor or~~
36 ~~elderly.~~

37 ~~SEC. 3.~~

38 ~~SEC. 2. Section 80110 of the Water Code is amended to read:~~

1 80110. (a) The department shall retain title to all electricity
2 sold by it to the retail end-use customers.

3 (b) The department shall be entitled to recover, as a revenue
4 requirement, amounts and at the times necessary to enable it to
5 comply with Section 80134, and shall advise the commission as
6 the department determines to be appropriate. Those revenue
7 requirements may include any advances made to the department
8 for purposes of this division, or from the Department of Water
9 Resources Electric Power Fund, and General Fund moneys
10 expended by the department pursuant to the Governor's
11 Emergency Proclamation dated January 17, 2001.

12 (c) For purposes of this division and except as otherwise
13 provided in this section, the Public Utilities Commission's
14 authority as set forth in Section 451 of the Public Utilities Code
15 shall apply, except that any just and reasonable review under
16 Section 451 shall be conducted and determined by the
17 department. The commission may enter into an agreement with
18 the department with respect to charges under Section 451 for
19 purposes of this division, and that agreement shall have the force
20 and effect of a financing order adopted in accordance with
21 Article 5.5 (commencing with Section 840) of Chapter 4 of Part
22 1 of Division 1 of the Public Utilities Code, as determined by the
23 commission. In no case shall the commission increase the
24 electricity charges in effect on February 1, 2001, for residential
25 customers for existing baseline quantities or usage by those
26 customers of up to 130 percent of existing baseline quantities,
27 until the department has recovered the costs of electricity it has
28 procured for the electrical corporation's retail end-use customers
29 as provided in this division.

30 (d) After the passage of a period of time after the effective
31 date of this section as shall be determined by the commission, the
32 right of retail end-use customers pursuant to Article 6
33 (commencing with Section 360) of Chapter 2.3 of Part 1 of
34 Division 1 of the Public Utilities Code to acquire service from
35 other providers shall be suspended until the department no longer
36 supplies electricity pursuant to this division. A nonprofit
37 charitable organization serving the needs of the poor or elderly
38 may enter into a direct transaction pursuant to Section 395.5.

1 (e) The department shall have the same rights with respect to
2 the payment by retail end-use customers for electricity sold by
3 the department as do providers of electricity to those customers.

4 ~~SEC. 4.~~

5 *SEC. 3.* The Legislature finds and declares that the exception
6 to the suspension of direct transactions in Section 395.5 of the
7 Public Utilities Code and Section 80110 of the Water Code is to
8 be strictly limited to nonprofit charitable organizations serving
9 the needs of the poor or elderly and shall not provide
10 authorization or precedent for any additional direct transactions.

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